

# **FISCAL MEMORANDUM**

## **HB 4212 – SB 4197**

April 25, 2008

**SUMMARY OF AMENDMENT (017560):** Deletes the language of the original bill. Creates the Tennessee Student Assistance Award Fund (TSAAF), for the purpose of receiving a \$200,000,000 transfer from the Lottery for Education Account (LFEA), to be accomplished on July 1, 2008. Authorizes the Tennessee Student Assistance Corporation, in any fiscal year the balance of the TSAAF exceeds \$190,000,000, to draw such excess amount for the purpose of making additional Tennessee Student Assistance Awards. Authorizes \$10,000,000, subject to the general appropriations act, to be available for Tennessee Student Assistance Awards funded from TSAAF for FY08-09.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact - Transfers \$200,000,000 from the Lottery for Education Account to the Tennessee Student Assistance Award Fund, for the purpose of funding additional Tennessee Student Assistance Awards. This transfer will reduce the amount of funding available for eligible recipients of other HOPE scholarships and grants. Increases the expenditure of funds from the Tennessee Student Assistance Award Fund by approximately \$10,000,000 per year.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – Transfers \$200,000,000 from the Lottery for Education Account to the Tennessee Student Assistance Award Fund, for the purpose of funding additional Tennessee Student Assistance Awards. This transfer will reduce the amount of funding available for eligible recipients of other HOPE scholarships and grants. Increases the expenditure of funds from the Tennessee Student Assistance Award Fund by \$10,000,000 in FY08-09. Increases the expenditure of funds from the Tennessee Student Assistance Award Fund by approximately \$5,700,000 in FY09-10 and succeeding years.**

Assumptions applied to amendment:

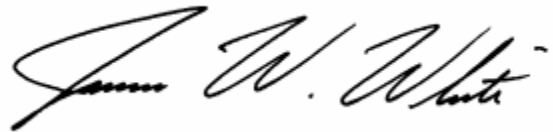
- Once \$200,000,000 is transferred from the LFEA to the TSAAF, \$190,000,000 of the total balance is considered the principal amount

and shall remain in the fund for the purpose of earning interest which shall be used exclusively for awarding additional TSAA grants beginning in FY09-10.

- \$10,000,000 will be utilized from the TSAAF in FY08-09 for TSAA grants.
- The principal amount in the TSAAF earns an average of three percent per year in interest earnings.
- Interest earnings are estimated to be \$5,700,000 ( $\$190,000,000 \times 3.0\% = \$5,700,000$ ) per year.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc